

# HOME HEATING CRISIS

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## FIELD HEARING OF THE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS UNITED STATES SENATE ONE HUNDRED TENTH CONGRESS

SECOND SESSION

ON

EXAMINING THE HOME HEATING CRISIS, FOCUSING ON THE RESPONSIBILITY OF OUR NATIONAL GOVERNMENT TO RESPOND TO THE NEEDS OF FAMILIES THAT ARE FACING ENORMOUS PERSONAL CHALLENGES

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JANUARY 17, 2008 (BOSTON, MA)

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## HOME HEATING CRISIS

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THURSDAY, JANUARY 17, 2008

U.S. SENATE,  
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,  
*Boston, MA.*

The committee met, pursuant to notice, at 11:30 a.m. in the Cass Room of Action for Boston Community Development, 178 Tremont Street, Hon. Edward M. Kennedy, chairman of the committee, presiding.

Present: Senator Kennedy.

### OPENING STATEMENT OF SENATOR KENNEDY

The CHAIRMAN. Thank you. We will come to order.

I am the Chairman of the Health, Education, Labor, and Pensions Committee of the U.S. Senate that is concerned about the challenges of working families, it's concerned about education, concerned about health, concerned about our seniors. It does have responsibilities in other areas as well, research programs, pensions, and others, but most of all, it is the committee that carries the focus most about the quality of life of working families, and I am fortunate to be the chairman of it, and the information that we have today will be printed and shared with our colleagues as part of a continuing process of the listening to what is happening across America today, in Boston, in Quincy, and the Greater Boston area, the families that are facing what I consider to be a perfect storm of adversity.

Today we are focused on fuel assistance and the failure of our Nation to respond to the needs of families that are facing enormous personal challenges, very real challenges in terms of their health, whether they can stay healthy, whether they have to make choices between prescription drugs for their children, whether they can purchase the food which is nutritious for their children. Working families across this Nation are facing a perfect storm, and the perfect storm is with the challenges of recession that we are facing here in Massachusetts, here in Boston, Quincy, all across the Greater Boston area, all across Massachusetts, New England, and the country, and the failure of our government, of this Administration to meet its responsibilities in terms of home heating oil. That is what we are basically facing.

Yesterday, in the U.S. Senate, as a member of the Joint Economic Committee, we heard from economists that talked about the recession and the need to take action now to help working families, hardworking families all across our Nation, and we are committed to doing that; I am, and we are, in the U.S. Senate. That's enor-

mously important. It's related to the subject matter that we're talking about today. It's a part of this whole challenge that families are facing, and it's important that we are, as a country, going to recognize it.

Today, we are focused on the failure of our national government, this Administration, to meet the responsibilities that we have toward families that are hard-pressed to provide one of the most basic necessities of life, and that is a warm home. We also recognize that for many of those that are trying to provide a warm home for their families, for their grandchildren, for their children, for senior citizens, many of them, after they scrape together enough resources to purchase some heating oil, are looking over their shoulder at their mortgage. Two hundred-thousand Americans are going to lose their home this month. With the escalation of the mortgages, families are faced with this double whammy, and they are also faced with the challenges of access to food, the food banks. Shelves, in many instances, are bare. They are failing to provide the kind of support and assistance that we have seen here in Boston. As one who has been a strong supporter of that program, we know the challenges that we are facing.

So real people are hurting. Real people are hurting. Real people that are playing by the rules every day, who have worked hard, saved, tried to provide for their children are hurting, and we and Members of the Congress, we who are your representatives in the Senate of the United States have a responsibility. We have a responsibility to try and end a war that we never should have fought in, but we also have a responsibility and a budget that is \$2.8 trillion, to be able to say that we ought to be able to find sufficient resources to help and assist people that are in critical need. That is part of the American dream. The budgeting for this country is a matter of priorities and it is what we think is important for people. This is one U.S. Senator, as well as my colleagues, John Kerry, and Bernie Sanders, my neighbor from Vermont, who hoped to have been here, would have been here yesterday, if the schedule had worked out, and I know I speak for all of my colleagues from New England. We are strongly committed to doing something about it. We made some progress yesterday. I think the Administration listened to Diane and Margaret and Beth Ann. I think they might have heard what they are going to say today and said, "Well, we're going to start out a little process," and provided some resources. That said, "Too little and too late," but we'll take it, and use it effectively. We'll hear more about that.

I am enormously grateful to welcome Robert Coard, who has been a long-time friend, and to thank him so much for opening up this facility here today and to welcome us. We are fortunate to have had his leadership over many, many years. I've enjoyed working with him. He's been really the heart and soul of dealing with the challenges of many needy people. He's not only in fuel assistance, he's been out there in terms of educational opportunities for underserved communities. He's been a valued and real friend. Bob, I want to thank you. If you have a word to say, we would be glad to hear from you.

**STATEMENT OF ROBERT COARD, PRESIDENT OF ABCD,  
ACTION FOR BOSTON COMMUNITY DEVELOPMENT**

Mr. COARD. Thank you. Thank you very much, Senator.

We at ABCD, it is to us a great pleasure and an extremely great privilege to welcome our outstanding senior Senator from Massachusetts, U.S. Senator Edward M. Kennedy, to Boston and to ABCD today.

We consider Senator Kennedy the champion of the poor, the vulnerable, and the future of our citizens in the United States. We are extremely glad to see him, as usual, at any time. He does a fantastic job. I really would like us to give him a hand. Another round of applause.

[Applause.]

We very much appreciate his taking the time and the effort to hold this important Senate field hearing here in Boston to gather information and to draw attention to the critical issue of home heating capability for low-income and elderly and working poor families in Massachusetts and particularly across the cold mountain tier of the United States.

As a result of just even announcing the hearing, the Administration released not the full emergency contingent amount of \$586 million, but they released \$450 million of it yesterday, just before the hearing.

The CHAIRMAN. There's a little more in there, too, Bob.

[Laughter.]

Mr. COARD. Right.

We also welcome the other Senate hearing witnesses to ABCD itself, and we thank the members of the press for being here to carry this important story.

I want to acknowledge the Chair of the ABCD Board. Will you stand so the folks can recognize you.

[Applause.]

A very important citizen of South Boston, and she has been involved in the ABCD program since she was 17 years old. Of course, that's only 2 days ago.

[Laughter.]

I will make just a few brief points regarding the Fuel Assistance Program and its important role in the lives of struggling-to-survive persons in the cold New England winter.

First of all, this year is not like other years. In more than 35 years of providing fuel assistance ABCD has been involved with, this is by far the worst winter we've seen for the poor, the elderly, disabled, and vulnerable and working families in Massachusetts.

The reason is two-fold. First, heating oil has now gone up 50 percent to \$3 per gallon from last year, and it's at the highest price in history. Natural gas and electricity are not very far behind.

Second, this is a very cold winter, based on the Degree-Day System which oil companies use to make deliveries.

At this point, all of the 15,000 families served by the ABCD Fuel Assistance Program have used up their benefits and have nowhere to turn. We serve not only Boston but we serve Brookline and Newton with our program.

Yesterday, President Bush released the \$450 million of \$586 million available, and Massachusetts will get \$27.2 million, according

to the allegations worked out by the State. With that funding, we will make a 100-gallon delivery to our eligible oil customers. If we gave only what would amount to 65 gallons, the oil companies would refuse to do that. They want to deliver at least 100 gallons. That's \$300 these days. That 100 gallons will cost \$300 and will provide a family with heat for about 2 to 3 weeks at the most. It is clear that more help is needed for them to get through this winter.

In 2005, when the LIHEAP Program was reauthorized by Congress, \$5.1 billion annually was promised and voted by the Congress and signed by the President. It was based on documented need. Despite that commitment, Federal funding nationwide has been less than \$2 billion a year, and that amount has proved completely inadequate in the face of soaring fuel prices, which have gone up consistently every single year. We need this program to be funded at the full \$5.1 billion level.

Two-thirds of the families we serve in the ABCD Fuel Assistance Program have take-home salaries of \$1,000 to \$1,500 per month, and a full tank of oil cost almost \$900 these days. You do the math. How can people pay high Boston rent, feed their families, pay for needed medication, and also put oil in their tank every single month? It's impossible. It's the reason why children in Head Start—according to the Boston Medical Center, a study recently—are losing weight in the winter months. It's the reason why our older residents, who work all their lives, take their diabetes medicine every other day these days to stretch it out and to their very immediate error. It's the reason we have tragic and avoidable fires from space heaters every single winter. It's the reason working families fall behind in their rent, get evicted from their apartments and end up in homeless shelters or hotels where the cost to the taxpayer is far more than a tank of oil. A study by UMass showed that ending up in the shelters cost—if a person is in there for the whole year, which many are—\$32,800 a year. That's much more than a tank or so of oil.

In this Nation in the 21st century, we should not have children, older residents, and working people cold and hungry in their homes in the bitter New England weather.

Thank you so much. And thank you again, Senator Kennedy.

The CHAIRMAN. Thank you, Bob. We're always glad to hear from you and we are very grateful for your summation—enormously important.

We are going to hear from some very special guests this morning. We will hear from two: Margaret Gilliam, senior citizen, fuel aid recipient from Dorchester, and then Diane Colby, a single parent, fuel aid recipient in Lynn, MA.

I think the one part that we ought to understand at the outset, people will be watching and listening to these two extraordinary women and say, "Well, you've looked around and finally found two individuals." I think both of them can tell you that they speak for their neighbors. They speak for their friends. They speak for their community. We could have had a room filled with people that could tell similar kinds of stories. We certainly have those letters in my office here in Boston and also in Washington, and we certainly know that they are really speaking for so many people in Massa-



chusetts and really throughout the country. We are very fortunate to welcome them.

Why don't we start with you, Margaret.

**STATEMENT OF MARGARET GILLIAM, RESIDENT OF  
DORCHESTER, MA**

Ms. GILLIAM. Good morning, everyone.

I consider Mr. Coard, a very dear friend, a savior. I have been involved with assistance from this organization since caring for six of my seven grandchildren. Fortunately, for the past 12 years, I was living in government housing, which included heat. These recent 12 years, I have been residing in a private family home. It's a two-family home. I do have to supply my own heat. Again, through ABCD, I was qualified to receive the oil assistance. I received my first delivery the first week of December. The amount afforded me was \$435. The first delivery came to \$430. That lasted like 3 weeks, because it wasn't really that cold at that particular time.

The oilman doesn't want to carry anyone, because he can't afford to. It cost him to stay in line in Chelsea, or wherever he has to go and pick up his oil to deliver it to our home, so it's like, "I'll carry you for a week, please pay me the following week." If you don't have it, you don't get a delivery. With what little moneys I can reserve from my once-a-month check, Social Security check, I offer to just have 50 gallons delivered for each delivery, and I pay him. That leaves me kind of short. I still have two grandchildren at home. I have to pay rent. They need some assistance as far as getting through school, and other resources. Our Christmas this year was very, very light, but they didn't mind. They knew that we would be married to the oilman from now until April.

Two weeks ago, I was really kind of desperate and I really needed to call someone. I called ABCD and I told them what my dilemma was—I didn't have money to call my oilman—and she redirected me to another source, and they came and delivered 200 gallons of oil. They left a slip in my door, and when I saw the slip, I almost fainted. For 200 gallons of oil the cost was \$630. Right now, I probably have about 100 gallons of oil left in my tank, and I am really nursing it like there is going to be another tomorrow. Where do I go after next week? I will call ABCD, hoping that they will be able to give me at least 100 gallons. I probably will be counting on that, because there's no other resources that I can go to, because everyone is, you know, handing out moneys for other people. I'm not the only one. You know, I'm not ready for a senior citizen building, because they do supply your heat. I love my comfort of a two-family home. It is quite private. My children are happy. I just don't need to have this kind of concern, because it is mind-boggling after a while, and I can feel myself getting very anxious. And there's a long ways to go yet from January until April.

The CHAIRMAN. This anxiety—you know, often we find a society that knows the cost of everything but fails to realize the cost of anxiety, fear, and frustration, the lost sleep that you've had, the fact—and we're going to hear from Diane, who was talking to us earlier about that, you know, the chill in the air in the early morning, you know, when you're trying to get those children up and get-

ting them dressed so they can get out to school, wondering whether that room was warm enough for those children or whether they're going to catch cold. All of that is a wearing factor on people. We don't see it measured in terms of the cost of the heating oil or the oil itself, but it is something that's very real, and it's happening to people. We have to ask ourselves whether that is necessary when they're having these record profits of the oil companies, when they're all having this—I mean, they ought to be able to make a fair profit, but these record profits, and no—very little voice to try and do anything about it. Who ends up paying for it? We just heard from Margaret.

Thank you, Margaret. We'll come back.  
Diane, can you tell us a little.

**STATEMENT OF DIANE COLBY, RESIDENT OF LYNN, MA**

Ms. COLBY. I am Diane Colby from Lynn, MA, and I am a single mother raising two daughters, elementary school age and junior high. Just that the fuel assistance hasn't gone as far as it used to go because of the price of oil. One hundred gallons, like you said, is \$300. It goes about 2 weeks. And that's keeping it at a very conservative 62 degrees. Just like I said, getting up in the morning—

The CHAIRMAN. Sixty-two degrees is pretty cold.

Ms. COLBY. Yes, we keep it down. I keep it down.

The CHAIRMAN. Which is pretty cold.

Ms. COLBY. Isn't that the truth. We keep it down to 62 to 63 degrees, and that's the normal, keeping it down. Just worrying, when you do run out, where will you get more oil, and the fuel assistance is gone; it just goes really fast now because of the prices. It's just like you said, getting up in the mornings, my biggest worry with my kids, you know, having oil. Even at night, just being home watching TV and it's cold when you get up.

That's my concern. You may have to go not paying a bill, another bill, to save. You might skip another bill when you pay that—

The CHAIRMAN. Tell us a little bit that. You were mentioning that earlier, that sometimes you feel that you have to pay that heating oil bill and you pass up on some of these other—

Ms. COLBY. Yes, I'll skip a phone bill or an electric bill a month or so just to get through the winter, if you do run out of fuel assistance, yes.

The CHAIRMAN. We have to ask ourselves, as a country and as a society, is this acceptable, and it isn't. Clearly, it's not. These are people that are looking after children, grandchildren, have worked, and continue to work hard, and they are faced with that kind of dilemma in this country.

Let me just put up the chart. This is the temperatures drop, the home heating oil prices soar. This has gone up 47 percent since last year. I mean, people will wonder why are we having this hearing and what's so different this year than even last year. We find out there's an increase and the cost has gone up 47 percent. I think it's at 175 percent over the last 5 years, 180, 186, in the last decade. But this gives you—this is the real input.

The next chart, if you would please.

This gives you—it may be difficult in the back to see, but it shows on the one hand what Bob had mentioned and that is that the Congress has said that there needs to be the \$5.1 billion, and that, to be very honest about it, is really a bare minimum. It's really a bare minimum. I mean, I think even now, where we are at double, you find out that we are fortunate. We've got very good associations here—we're going to hear from some—where we take care of a much higher percent here in Massachusetts than many other States in the country. The national average is about one in seven. We do much, much better, and we'll hear about that this morning. It's great credit to those organizations that do it, but there are still people that are eligible that are missing out on this program.

On the one hand, if you look at the item on the left, it's the request from the Administration, then what has been appropriated, and then the difference. You'll see over on the right column the increases that each year actually the Congress has added to the program, the largest one being in this last year, 2008, by a billion dollars. That's not insignificant, and it does have something to do, quite frankly—we're not here trying to make partisan points, but the fact is, it was democrats that voted, with the change of leadership in the House and Senate, to get that up to a billion dollars. It's the appropriated 2.57, and we're the ones now that are trying to increase that in the budget when we come back in January, and we're going to fight on the stimulus program. There'll be a stimulus program and we ought to have increased fuel assistance. I'm going to work on that. I know my colleagues are going to work on that as well. So, Bob, that's what we're going to try and do as a follow-along. People wonder when we have these hearings, and we'll be glad to keep in touch with you and the organizations here, and Margaret and Diane, they'll let you know how that's going. But this gives you some of the overall kind of facts here.

We have another chart. It's just the point that has been made earlier, and that is the fact that it's a noticeable and factual situation that children lose a good deal of weight during the course of the winter because they're getting less nutrition because the bills the parents are paying are fuel-assistance bills. I mean, that is something that is generally—when you hear that, you really wonder about it. It's happening, it's real, and it's wrong. And that, we're going to battle as well.

I'm going to ask Beth Ann Strollo, who is the President of the Massachusetts Association for the Community Action and Executive Director, Quincy Community Action Program, if she would be good enough to say a word.

**STATEMENT OF BETH ANN STROLLO, PRESIDENT, MASSACHUSETTS ASSOCIATION FOR COMMUNITY ACTION, QUINCY, MA**

Ms. STROLLO. Thank you, Senator.

On behalf of my colleagues, many of whom are here today, from the Massachusetts Association for Community Action, and our friends in Washington at the National Community Action Foundation, I want to thank you for the hard work that you have done throughout your career in the Senate on behalf of the families and individuals that we serve, not just programs like Fuel Assistance,

but Head Start, some wonderful work that you did last year in Head Start and for many years. We've very appreciative of that.

We also just want to thank you for the opportunity to talk about this issue today and draw attention to this issue that we've been concerned about since the beginning of the heating season, really for a number of years now, and as my friend, Mr. Coard said, we will give you credit for that emergency release of funds. So I am happy to do that.

You just illustrated the problem, and it's really very clear and simple. The fuel assistance benefits have never, in my recollection, been indexed for the increase in the cost. So we have now this huge gap, as you just showed us, between the cost to heat your home in a year and the benefit level. This cost is not just a cost for low-income people, it's a problem for everybody, to some extent. But when you are poor and you don't have any increase in your fixed income for a year or your wages are going up, if at all, they're going up a very small amount while many of your other living costs are increasing, your housing cost is increasing. Here in Massachusetts, we have some of the highest housing costs in the country. That puts an incredible burden on low-income households, many of whom receive no public assistance of any sort for housing. When they have a spike in their heating cost like this, there is no margin for people to cover that cost. That is real economic insecurity that has now turned into heat insecurity, it turns into food insecurity, it turns into medicine insecurity and housing insecurity. We see a direct correlation between this problem and the rise in family homelessness this past year in Massachusetts, which is a problem that we're very concerned about. When people are insecure, it is human nature that we sometimes do things that don't make a lot of sense and that maybe we wouldn't do otherwise. This is a problem that concerns us and has for a long time. But many of our clients have to resort to space heaters or opening their ovens, turning their ovens on and opening them as a source of heat. This is done in desperation.

Yesterday, we had a briefing at the State house where we had a fire chief and a fire captain talk to us about this problem and what they see happening and one of the things that they are seeing happening this year is that we have low-income people taking their gasoline cans and filling them with heating oil and then putting that into their heating system. They have a real fear that it's going to be an explosion in the house. I haven't heard of this problem before, but they spoke about it yesterday when we met with them about their concerns as the safety officials in all of our communities.

Those are the kinds of things that people are doing because they are fearful, they are anxious, and they are desperate.

Other things that we see happening that maybe aren't as dangerous but are very troubling is that many of our clients are using their credit cards to pay their basic living costs, food, heat, medicine, and there is not enough income in their household to pay their credit card bills, so they are left with now a very serious credit card and debt problem. Their credit is ruined. Last year, as we closed out the fuel year and we looked at so many households who had huge utility arrearage bills, that their gas and electric stayed

on all winter, but when spring and summer came around, it had to be turned off because the bills were so high. We have seen clients now put their utility bills in their child's name. There are teenagers now whose credit will be bad, because they really have no other alternative. They are doing it because they feel like they have no other choice but to do that to keep their utility on.

The CHAIRMAN. Let me mention this issue on the credit cards. We've had a big increase in the last few years of bankruptcies, and these are directly attributed to this follow-along. The way that the bankruptcy law works now, used to be people went into bankruptcy and you got a clean slate. You went back on—they had to have a workout in terms of paying whatever they could, but people were given a chance to get back on their feet. Do you think that's it now? Absolutely not. Those credit card companies have got their jaws into you for the rest of your life, just as Beth Ann has mentioned. You will find out in a bankruptcy the people that are going bankrupt, they work as hard as anyone else does. I mean, there's a normal sense, "Well, they've gone into bankruptcy because they're goofing off." If you look at what's happening now at the people who are going into bankruptcy, they are working as hard as anybody else who caused it, and a lot of it is the fact that they can't pay their health bill because of the expense of health and what Beth Ann has mentioned here in terms of these other necessities. Once their credit, then, is adversely impacted, it is a continuing kind of a spiral that is going to affect these families, and that is going to cause them this kind of anxiety in the future. This is all adding to this all-insecurity that you talked about, and it is really the new phenomenon that's taking place for families, and they are battling this thing, by and large, themselves or with their children or their grandchildren in trying to do this and they've got these forces that are out there, and this is really very unacceptable.

Continue.

Ms. STROLLO. Thank you. Yes, we could have a whole other discussion on what the credit card problem is sometime.

The CHAIRMAN. Yes, I know.

Ms. STROLLO. I think on maybe an encouraging note, here in Massachusetts, the community action and fuel agencies have worked closely with our partners, and there are a lot of them. A lot of people step up to the plate to help make this program stretch the dollars as far as we possibly can. Our friends over at the Department of Housing and Community Development administer this program. We work with them and the utility companies and the oil vendors. We are doing things that are not necessarily unique around the country, but they are certainly something for us to be proud of because we've been able to take the Federal money and leverage it with the utility companies and the oil vendors to get them to—particularly the oil vendors, who only get paid what's called a margin-over-rack price here in Massachusetts. Their profit is capped and it stretches the dollar.

In Quincy, where I deliver this service, we saved about \$100,000 a year by doing this, so that we can use that money to go back into benefits for clients. That is true all over the State. In all of the fuel assistance agencies, that number just gets blown up to get much bigger.

The utility companies work to provide weatherization and heating system programs. We combine our resources, and, again, can help do more work for many families to make their homes more energy efficient.

We are also blessed here, as you know, to work with many renowned physicians and medical institutions. You mentioned the impact on children. There's been some wonderful research done and our friends in the medical community have spoken publicly about that in recent years about the impact of cold on children. Yesterday, we heard again from another physician who spoke about what a child's body has to do to counter the cold that it feels and that that has a very negative impact on that child's health—it can have. It's another one of many reasons why this program needs to be fully funded.

Locally, every community in Massachusetts can tell you stories about how local organizations, churches, foundations, and municipal governments come to help this program. In Quincy, where I am, the mayor and the city council appropriated \$50,000 this year for fuel assistance. This will help about 115 households. Not very many. We have at least 2,000 households that we help with fuel assistance in Quincy. So it won't go very far, and you can see that's not the answer and that they can't be expected to solve this problem. So while we're very grateful for their help and they are very concerned about it, this does need to be a national Federal solution. So we urge you to—not you. We know you believe in—

The CHAIRMAN. You can urge me.

[Laughter.]

Ms. STROLLO [continuing]. To continue fighting, I guess, for \$5 billion, because that is what we need.

Right now, this is a crisis management program. You've heard Margaret and Diane talk about the state of high anxiety. We see it with so many of the families and individuals that we help. We really want to be working with them to help them become economically self-sufficient, but when you are anxious, and you are fearful that you're going to be cold that night and all day, then you can't really think about how to get out, get better education, get a new job, or work to survive a little better on your limited income.

So we hope that someday we can get this back to being an assistance program, not a crisis program, so we can really work with folks to help them move forward.

Thank you.

[The prepared statement of Ms. Strollo follows:]

PREPARED STATEMENT OF BETH ANN STROLLO

Chairman Kennedy, Ranking Member Enzi and members of the committee, I thank you for the opportunity to testify today. On behalf of all of the Massachusetts Association for Community Action Agencies (MASSCAP) and our advocacy colleagues at the National Community Action Foundation (NCAF) I want to express our gratitude to Chairman Kennedy for your tremendous leadership on LIHEAP and other initiatives that help low-income residents in Massachusetts and throughout the Nation. In particular, I want to thank you for your recent and successful efforts to encourage the President to release the LIHEAP Emergency funds yesterday.

I appreciate the opportunity to share the concerns of the Massachusetts fuel assistance providers. Last year Massachusetts fuel assistance agencies served over 140,000 low-income households. Approximately 40,000 of those households heat their homes with oil. In fiscal year 2007 Massachusetts had \$90 million in fuel as-

sistance funds. This year MASSCAP expects to serve at least that many households if not more. Prior to the release of the LIHEAP emergency funds Massachusetts had \$106 million available to distribute to low-income residents this year. However, the record breaking cost of heating fuels without a commensurate increase in LIHEAP has created the most serious problem we have seen in years. Low-income households simply cannot bridge the gap between the rising costs of heat and their household income. As heating costs consistently rose over the past 7 years the purchasing power of the LIHEAP program has been greatly diminished.

Based upon the Energy Information Administration's (EIA) data and the current cold temperatures we project the cost of heat for the Northeast to be between \$1,600 and \$3,000 depending on your heating source. Combining the current Federal LIHEAP funds with \$15 million of State fuel assistance funds Massachusetts low-income residents will have a fuel assistance benefit of between \$590 and \$865 for the heating season. If you are at 100 percent of poverty and heat with oil that benefit will buy you a little over a tank of oil. Based on these benefit levels, essentially all of the Commonwealth's residents are now out of fuel assistance and we are right in the middle of a very cold winter. Once we receive the recently released emergency funds we will distribute them as quickly as we can, however, it is already too late. Historically, we have seen it take almost 2 months from the President's release before we can actually distribute those resources. When LIHEAP funds get released in this fashion it begs the question why wouldn't the full appropriation be distributed at the beginning of the heating season. Especially in the rising cost environment seen over the past 7 years.

Quincy Community Action Programs (QCAP) is the community action agency that administers the LIHEAP for Quincy, Weymouth, Braintree and Milton. We provide fuel assistance to approximately 3,000 households in those communities. This year we have seen a 20 percent increase in the number of low-income residents coming to us with less than  $\frac{1}{8}$  of a tank of oil. This trend began by the end of November and continues. Our oil clients are telling us that they used to be able to pay for at least half of a tank to get them by until they received their fuel assistance benefit. Now they cannot afford the minimum cost necessary to get their first oil delivery. They arrive in our offices fearful and desperate. This trend is seen throughout the Commonwealth. The fear that faces a family when they cannot keep their children warm or an elderly woman who decides not to eat that day or take her necessary medicines so that she can pay for heat is real and should outrage us all.

Low-income families and individuals cannot bridge this income/expense gap. This economic insecurity now becomes heat insecurity—food insecurity—medicine insecurity—and housing insecurity. The number of homeless families is on the rise in Massachusetts. There are many reasons why but one of them is the high cost of heat and the significant utility arrearages from last winter. When we are insecure we do things that we may not otherwise do—things that don't always make sense. Many families and individuals facing this heat insecurity resort to using space heaters and turning their ovens on and open to heat their home. They run the risk of fire and loss of lives but they feel they have no alternative. Less dangerous but very troubling is the on going pattern we see of low-income households using credit cards to pay their daily living costs including food and heat. The concern lies in the fact that when you only have income of \$20,000 a year you do not have enough money to pay those credit card bills. The result is that credit card bad debt strangles them from moving forward in their lives. A disturbing trend seen last year was that more and more of our utility clients are putting their utility bills in their child's name. When they cannot pay that bill the teenager is left with the bad credit. These stories are not provided with blame made, but merely to illustrate the means of survival for many low-income families.

On a positive note here in Massachusetts we have many partners in the effort to provide fuel and energy assistance. We are proud of our partnerships with the utility companies, the oil vendors, municipal government and the many local foundations, churches and community agencies that help low-income residents get through the winter. In the city of Quincy for example, the Mayor and the city council appropriated \$50,000 this year to help our LIHEAP clients. We expect to help about 150 households with those funds. We serve almost 2,000 households in the city so you can see how difficult it is for a local government to handle the scope of the need.

On a statewide level MASSCAP, the State Department of Housing & Community Development (DHCD) and the oil vendors have joined in partnership to stretch the LIHEAP dollars as far as possible by paying a margin over rack (MOR) price to the oil vendors. The vendors have agreed to capping their profit margin. At QCAP that effort has allowed us to provide almost another \$100,000 in benefits to our clients. In addition, the utility companies have worked hand-in-hand with MASSCAP and

DHCD to create a variety of energy efficiency initiatives funded by the utility companies and leveraged with Federal weatherization and heating system funds. In Massachusetts we are fortunate to have renowned physicians and medical centers conducting cutting edge and compelling research on the impact of cold on child development and health. We are grateful to all of our partners who work towards addressing this serious problem.

In closing I want to emphasize that this program has moved from an assistance program to a crisis management program. Our clients come to us anxious and fearful that they will not get through the winter. Working with our clients when they are in a state of high anxiety prevents them and us from helping them work towards real economic self sufficiency.

We urge the President and Congress to fully fund LIHEAP at \$5 billion and to assure those appropriations are authorized by the beginning of the heating season. All of us have an obligation to help our neediest residents stay warm and avoid the pain of living in the cold and in fear. Addressing their heating needs now will be the first step towards moving low-income families and individuals towards a brighter future.

Thank you for the opportunity to provide this information to you today.

The CHAIRMAN. Very good. Thank you. Thank you.

Ten days of our involvement in Iraq would fund that whole program. You don't want to get me going on this one.

We'll hear from Mark Wolfe, who is the Executive Director of the National Energy Assistance Association. We are grateful for your presence here.

**STATEMENT OF MARK WOLFE, EXECUTIVE DIRECTOR, NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION, WASHINGTON, DC.**

Mr. WOLFE. Thank you, Senator.

As you said, I am Executive Director of the National Energy Assistance Directors' Association. I represent the State directors of the Low-Income Home Energy Assistance Program. Of course, we'd like to thank you and your committee members for supporting LIHEAP.

I would like to mention that I view States across the country on LIHEAP, and it's a checkerboard. This is not entitlement, and some States contribute to the program, others don't. Massachusetts, I believe, is among the top small group of States where you have comprehensive State support.

Massachusetts, for example, is the only State so far, to my knowledge, that's put any direct appropriations in this year towards LIHEAP, and I think that the State should really be applauded for that.

I'd like to talk a little bit about the program and our concerns about where it's going.

As you were showing in the table before, it's been a struggle with the Administration for the last 8 years. Each year they come with very low recommendations for LIHEAP and then it's a struggle throughout the year, along with the very tight budgets we've been working with.

For fiscal year 2008, the current year, for example, the appropriation levels are the same level of block grant funding of \$1.98 billion for the program, but increased the contingency fund, the emergency part of the program, by \$408.6 million to \$590.3 million. I believe that, frankly, is one of the bright spots in the Omnibus Appropriations Bill.



Looking across programs, all the important social service programs that are funded, LIHEAP received one of the larger increases, and I think that's part of what's making a difference right now.

The President's budget for fiscal year 2008 would have reduced LIHEAP, the basic grant, to \$1.5 billion. That would have been drastic. We would have had to eliminate about 1.1 million households from the program.

For Massachusetts, just to give you an example of what happened, under the basic grant in the President's budget, the State would have received \$61 million. Under the funding that was provided, the core funding, the State received \$81 million. If the program was fully funded at the authorized level, Massachusetts would receive \$157 million. So that's to just give a sense of the numbers of where we are and what would have happened if the President's budget had gone through.

The number of households receiving assistance has been rapidly rising. This reflects a significant rise in home energy prices and the number of low-income households.

Since 2002, the number of households receiving LIHEAP heating assistance has increased from 4.2 million to an estimated 5.8 million for the current year. Even at this level, the program serves only 15.6 percent of eligible households. The majority of households have at least one member that's elderly, disabled, or a child under the age of five. Families receiving LIHEAP assistance carry a much higher energy burden than most Americans, spending, on average, about 15 percent of their income on home energy bills, as compared to 3.4 percent for eligible households—households with at least one member who is disabled or elderly.

LIHEAP is not an entitlement program like Medicaid, unfortunately, providing a minimum benefit level of health care coverage for eligible households. When the number of households receiving Medicaid increases, the appropriation increases. In the case of LIHEAP, however, when the number of households increases, the average grant goes down, but if energy prices increase, the purchasing power goes down.

We've been tracking the purchasing power issue for a couple of years and we are very alarmed by it. Between 2003 and 2007, the number of households receiving LIHEAP increased by 26 percent, from 4.6 million to 5.8 million. In the same period, the Federal LIHEAP appropriation increased by about 10 percent. The resulting average annual grant decreasing from \$349 to \$345. The increase provided by the Omnibus Appropriations Act, assuming the Administration releases all the emergency funds, will increase the average benefit to \$359 per household, about the same level provided in fiscal year 2003 and fiscal year 2005. This would not be a problem if energy prices were decreasing or remaining stable.

Unfortunately, as everyone knows in this room, energy prices are soaring. Home heating bills are projected by the U.S. Energy Information Administration to average about \$1,000 per year for the typical family, an increase of almost 80 percent more than the average cost of home heating during the winter of 2001–2002, and 47 percent higher than 2002–2003.

Between 2003 and 2008, the average LIHEAP grant percent of total home heating costs declined from 36 percent of the average cost to 17.8 percent for heating oil, from 58.2 percent to 40.6 percent for natural gas, 37 percent to 21 percent for propane, and 50 percent to 43 percent for electricity. The increase provided for fiscal year 2008 is to offset this, but certainly only on the margin.

Increase in the price of heating oil, however, is a special concern for the northeast States and to the LIHEAP directors because 75 percent of heating oil is used in this region. Local market conditions are driving the cost of home heating oil to record levels, products, and the price of other fuels. The U.S. Energy Information Administration has projected the price of home heating oil will increase from last year by \$551 this year to \$2,019. These prices, however, assume the typical family only uses 610 gallons of fuel. In fact, in some of the colder places in the northeast, like Massachusetts, for example, we're hearing about families who need 1,000 gallons that would cost about \$3,200. The fact that heating oil now cost about \$900, more than half the total monthly Social Security payment for the average-aged couple, almost the entire monthly income for an aged widow woman who lives alone. The 2008 average increase in Social Security is only about \$24 a month, less the amount needed to pay the increase in home heating this year.

I think that one thing that's not understood outside of New England, you know, if you talk to people in Ohio and the south, they really can't comprehend spending \$3,000 for home heating. I think that when you look at the average, which that's such a problem for Social Security, the average works in some States, because if you're using natural gas, you might not see that much of an increase. If you're using heating oil in the northeast or in New England, this average is pretty useless, so that an elderly family might be seeing an increase of five to \$600; this year their Social Security is only going up by \$240. That's the problem. There's a real disconnect. I think that heating oil, because it's really in this region, we're concerned about the public health implications of families not having adequate funds to pay for heating oil, and I just don't think this is understood outside of this part of the country.

A few more points I would like to raise. One of our concerns about the rising need for energy assistance is the increase—is in arrearages and the shutoffs that we're starting to see. The National Regulatory Research Institution came out with a recent report of [inaudible] percent between 2001 and 2006. Last spring, we did a survey where States reported about 1.2 million households that were cut off from natural gas and electric service due to non-payment of energy bills.

What we're finding and bringing back from utilities is that the basic structure of energy assistance worked up to recently. Five or six years ago, you could heat a home for \$600, and many families could afford that. There are also many elderly families that didn't want to ask for help and they could make do with prices at that level. But we are looking at \$2,000, \$2500 to heat your home. That doesn't include the rest of the electric bill. They just don't have the money. So what utilities are starting to see is rapidly increasing arrearages and that the tools they have aren't working that well, and especially for the elderly with the threat of shutoff. I mean, these

families can't go to work at Wal-Mart to make extra money. We need to begin to acknowledge that threats of shutoff just doesn't work in many cases and you have to start having broader-based protections.

The CHAIRMAN. Mark, talk about that for a minute about what the dangers of shutoff are and how it is different for utilities, if you could explain that to everyone here.

Mr. WOLFE. Again, it's a checkerboard situation. Some utilities are extremely aggressive. Part of what's going on is that, not to be Pollyannaish about this, but 20 years ago, the local head of the utility was often a local community leader and there were a lot of concerns. They would work closely with the State to work out the end plans to work out long-term agreements and often they just wouldn't shut people off. There were very low instances of shutoff. What we're finding now is that utilities are becoming more bottom-line oriented and becoming much more aggressive in their shutoff procedures.

Massachusetts, again, is a bright spot in the national picture. In Massachusetts, if an elderly person has a doctor's note, they are permanently protected during the period. Many States require notes to be recertified every 30 days. It's just not practical.

The other thing that's going on is that the Federal Government is pushing very hard to help elderly people stay in their homes through these new home health care programs. Well, that's wonderful, except what happens with the energy bill.

So we're starting to have this disconnect between more and more elderly people, more of the people can stay at home, but not have adequate funding for energy assistance. With the bill getting larger, it's really starting to hit—you know, about that horrible phrase "a perfect storm." Utilities are becoming more aggressive about collections, much higher prices, but energy assistance is not keeping up with it. Then you have about 10 States in the country that have clearly stepped up to the plate, put a lot of their own resources into the program, and even those States are struggling, like in Massachusetts. You know, frankly, if you went to Virginia, for example, they don't put anything into this. It's a totally different discussion. And it's sad.

In the State of Massachusetts, you're talking about a State putting significant resources into this, very strong shutoff protections and still it is a struggle. So I think that is where your own country, unfortunately, becomes two countries for energy assistance, one where the States are trying very hard to provide minimum protections and others where they basically supply heat to basically fill the full bill.

[The prepared statement of Mr. Wolfe follows:]

PREPARED STATEMENT OF MARK WOLFE

Good morning, I am pleased to testify on behalf of the National Energy Assistance Directors' Association (NEADA) on the importance of the Low Income Home Energy Assistance Program (LIHEAP) in meeting the heating and cooling needs of some of the Nation's poorest families. NEADA represents the State LIHEAP directors. The members of NEADA would like to first take this opportunity to thank the members of the committee for its continued program support in working to increase funding for LIHEAP.

By way of background, there are four components to the LIHEAP program:

- Block grant providing formula grants to States to help low-income families pay their heating and cooling bills.
- Emergency contingency funds that can be released by the Administration for a number of reasons including natural disasters, rapid increases in home energy prices, high unemployment rates, and other economic conditions.
- Residential Energy Assistance Challenge (REACH) grant providing competitive discretionary grants to States to develop new strategies to assist households in reducing their home energy burden.
- Leveraging grants providing States with additional incentives to raise non-Federal funds for energy assistance.

In addition, the law authorizes the appropriation of advance funds 1 year before the start of the program year in order to allow States to plan for the design of their programs. This is especially important in years when the appropriation for the Federal fiscal year is delayed and States in cold weather have to start their programs without knowing the final appropriation level. As a result, States sometimes have to revise their program benefit and eligibility levels several times during the course of the program year, until a final appropriation level is reached. This can cause considerable delay and confusion in the delivery of program services.

#### AUTHORIZATION AND APPROPRIATIONS LEVELS

The LIHEAP appropriation level for fiscal year 2007 was \$2.1 billion of which \$1.98 billion was for the block grant and \$181 million was allocated for emergency contingency funding. Of the amount provided for the block grant, \$27.3 million was set-aside for REACH and leveraging. No advance funding was appropriated.

For fiscal year 2008, the appropriation level provides the same level for the block grant and increases the emergency contingency funding level by \$408.6 million from \$181.5 million to \$590.3 million. As in fiscal year 2007, no advance funding was appropriated.

The President's Budget for fiscal year 2008 would have reduced the LIHEAP basic grant appropriation to \$1.5 billion and provided \$282 million in emergency contingency funds. If the President's Budget had been approved, the number of households served would have been reduced from about 5.8 million to 4.7 million.

The authorization level for LIHEAP was increased from \$2 billion to \$5.1 billion by the Energy Policy Act in fiscal year 2005. The act also continued the authorization level for emergency funds at \$600 million. The program's authorization expired at the end of fiscal year 2007. The following table compares the current block grant funding level by State with the authorized funding level of \$5.1 billion.

#### ELIGIBILITY CRITERIA

LIHEAP allows States to set eligibility at the greater of 150 percent of the Federal poverty level, or 60 percent of State median income. In fiscal year 2007, 150 percent of the Federal poverty level for a family of four was \$30,975. In practice, most States target funds to lower income families.

More than 70 percent of families receiving LIHEAP have incomes of less than 100 percent of the Federal poverty level (\$20,650 for a family of four) and 44 percent have incomes of less than 75 percent of the poverty level (\$15,488 for a family of four).

State agencies generally contract with non-profit agencies to conduct outreach and sign-up activities. The application process is relatively straightforward. Most States require only proof of income and a copy of an applicant's most recent utility bills. Generally, asset tests are not required and some States now allow applications by mail.

#### HOUSEHOLDS SERVED

The number of households receiving assistance has been rising rapidly. This reflects a significant rise in home energy prices and in the numbers of low-income households. Since 2002, the number of households receiving LIHEAP heating assistance has increased from 4.2 million to an estimated 5.8 million in fiscal year 2007. Even at this level, the program serves only 15.6 percent of eligible households. The majority of households have at least one member who is elderly, disabled or a child under the age of 5.

Families receiving LIHEAP assistance carry a higher energy burden than most Americans—spending on average about 15 percent of their income on home energy bills, as compared to 3.4 percent for all other households. Many of these households also have at least one member who is disabled (43 percent) or elderly (41 percent).

## USES OF FORMULA GRANT FUNDS

LIHEAP is a block grant providing grantees with considerable flexibility delivering program services. In designing their programs, States are allowed to set-aside up to 10 percent of their allotment to cover administrative costs, up to 15 percent of program funds (25 percent with a waiver from the U.S. Department of Health and Human Services) to support weatherization activities and up to 5 percent to support activities that enable households to reduce their home energy needs, including needs assessments, counseling, and assistance with energy vendors to reduce the price of energy.

On average, States set-aside 10 percent of their block grant to support weatherization activities. These funds complement program support provided by the Weatherization Assistance Program (WAP). Weatherization assistance can include insulation, appliance and furnace repair and replacement and related health and safety measures. A weatherized home can use up to 30 percent less energy than a comparable home.

States are also required to set-aside "a reasonable amount" of funds to be used until March 15 of the program year for energy crisis intervention. These interventions are defined to include households that need additional assistance to address life-threatening situations including shut-offs due to non-payment.

## LIHEAP: FY 08 Basic Grant Appropriations Status (\$'000)

State	FY 2006	FY 2007	FY 08 President	FY 08 Enacted	Energy Policy Act
Alabama .....	\$31,310	\$16,770	\$12,645	\$16,770	\$87,205
Alaska .....	16,475	10,704	8,071	10,704	26,002
Arizona .....	15,142	8,110	6,115	8,110	42,233
Arkansas .....	22,765	12,796	9,648	12,796	47,082
California .....	153,182	89,963	67,835	89,963	316,814
Colorado .....	43,165	31,367	23,652	31,367	58,158
Connecticut .....	62,727	40,920	30,855	40,920	98,878
Delaware .....	10,140	5,431	4,095	5,431	21,871
District of Columbia .....	7,851	6,355	4,792	6,355	16,239
Florida .....	49,541	26,534	20,007	26,534	138,181
Georgia .....	39,170	20,979	15,818	20,979	109,253
Hawaii .....	2,555	2,113	1,593	2,113	5,284
Idaho .....	14,370	12,235	9,226	12,235	29,721
Illinois .....	187,251	113,259	85,401	113,259	301,871
Indiana .....	72,682	51,280	38,666	51,280	111,654
Iowa .....	50,013	36,343	27,404	36,343	60,776
Kansas .....	26,798	16,690	12,585	16,690	55,424
Kentucky .....	44,346	26,686	20,122	26,686	91,718
Louisiana .....	32,009	17,144	12,927	17,144	85,072
Maine .....	36,480	26,509	19,989	26,509	47,034
Maryland .....	58,499	31,332	23,625	31,332	136,730
Massachusetts .....	112,639	81,853	61,720	81,853	157,890
Michigan .....	147,974	107,529	81,080	107,529	199,566
Minnesota .....	106,606	77,469	58,414	77,469	90,280
Mississippi .....	26,843	14,377	10,841	14,377	74,871
Missouri .....	76,035	45,240	34,112	45,240	123,142
Montana .....	22,088	14,351	10,821	14,351	34,861
Nebraska .....	27,661	17,973	13,552	17,973	43,658
Nevada .....	7,112	3,809	2,872	3,809	19,836
New Hampshire .....	23,846	15,493	11,683	15,493	37,634
New Jersey .....	105,244	75,986	57,296	75,986	160,368
New Mexico .....	11,925	10,153	7,656	10,153	24,663
New York .....	341,432	248,112	187,084	248,112	471,752
North Carolina .....	69,037	36,976	27,881	36,976	164,462
North Dakota .....	23,995	15,590	11,755	15,590	37,869
Ohio .....	158,789	100,194	75,549	100,194	252,854
Oklahoma .....	28,780	15,415	11,623	15,415	64,604
Oregon .....	24,591	24,311	18,331	24,311	42,504
Pennsylvania .....	183,399	133,273	100,492	133,273	272,515
Rhode Island .....	20,737	13,473	10,159	13,473	32,728
South Carolina .....	24,866	13,318	10,042	13,318	69,357
South Dakota .....	19,488	12,662	9,548	12,662	30,756
Tennessee .....	46,362	27,033	20,384	27,033	95,888

## LIHEAP: FY 08 Basic Grant Appropriations Status (\$'000)—Continued

State	FY 2006	FY 2007	FY 08 President	FY 08 Enacted	Energy Policy Act
Texas .....	82,421	44,144	33,286	44,144	229,887
Utah .....	22,434	14,576	10,991	14,576	35,407
Vermont .....	17,872	11,613	8,757	11,613	28,208
Virginia .....	71,258	38,166	28,778	38,166	149,727
Washington .....	40,449	39,988	30,152	39,988	64,001
West Virginia .....	23,818	17,660	13,317	17,660	49,261
Wisconsin .....	95,961	69,733	52,581	69,733	105,404
Wyoming .....	8,983	5,836	4,401	5,836	14,176
Territories/HHS Training .....	3,658	2,951	2,294	2,951	7,171
Leveraging .....	27,225	27,225	27,500	27,225	27,500
<b>TOTAL .....</b>	<b>\$2,980,000</b>	<b>\$1,980,000</b>	<b>\$1,500,023</b>	<b>\$1,980,000</b>	<b>\$5,100,000</b>

<sup>1</sup> FY 06 included \$1 billion in supplemental funding.

<sup>2</sup> FY 07 included \$181 million in emergency contingency funding.

<sup>3</sup> Adm. FY 08 Budget included \$282 million in contingency funds.

<sup>4</sup> FY 08 Appropriations, as passed, included \$590.3 million in contingency.

## PROGRAM APPROPRIATIONS

The distribution of formula grant funds is based on a complex formula that provides that no State beginning in fiscal year 1986 will receive less than the amount of funds it would have received in fiscal year 1984 if appropriations for this part for fiscal year 1984 had been \$1.975 billion. Fiscal year 1984 funds were distributed to States on the same share of funds they received in fiscal year 1981 under the predecessor program to LIHEAP, the Low-Income Energy Assistance Program (LIEAP). The fiscal year 1981 allotment percentages that were derived from an extremely complex formula included such factors as heating degree days squared, home heating expenditures, total residential energy expenditures, and the population with income equal to or less than 125 percent of the poverty income guidelines.

The law also provides that when LIHEAP block grant appropriation exceeds \$1.975 billion (only in fiscal year 1985, fiscal year 1986 and fiscal year 2006), not including \$27.5 million in other program set-asides, funds are allocated under a complex formula that includes cooling as well as heating degree days and a small State minimum allocation.

LIHEAP is not an entitlement program like Medicaid providing a minimum benefit level of health care coverage for eligible households. When the number of households receiving Medicaid increases, for example, the appropriation is automatically increased to guarantee the same benefit level for all recipient households. In the case of LIHEAP, however, when energy prices increase, the purchasing power is reduced; when the number of households receiving assistance is increased, the average benefit is reduced. This is the situation the program is currently facing.

## DECLINING PURCHASING POWER

Between fiscal year 2003 and fiscal year 2007, the number of households receiving LIHEAP increased by 26 percent from 4.6 million to about 5.8 million or about 15.6 percent of the eligible population. During this same period, the Federal LIHEAP appropriation increased by about 10 percent with the resulting average annual grant decreasing from \$349 to \$305. The increase provided by the Omnibus Appropriations Act will allow the States to increase the average annual grant to \$359 per household, about the same level as provided in fiscal year 2003 and fiscal year 2005. This would not be a problem if energy prices were decreasing proportionally or remaining stable.

## Est. Change in Households Served &amp; Average Grant (FY 03–FY 08)

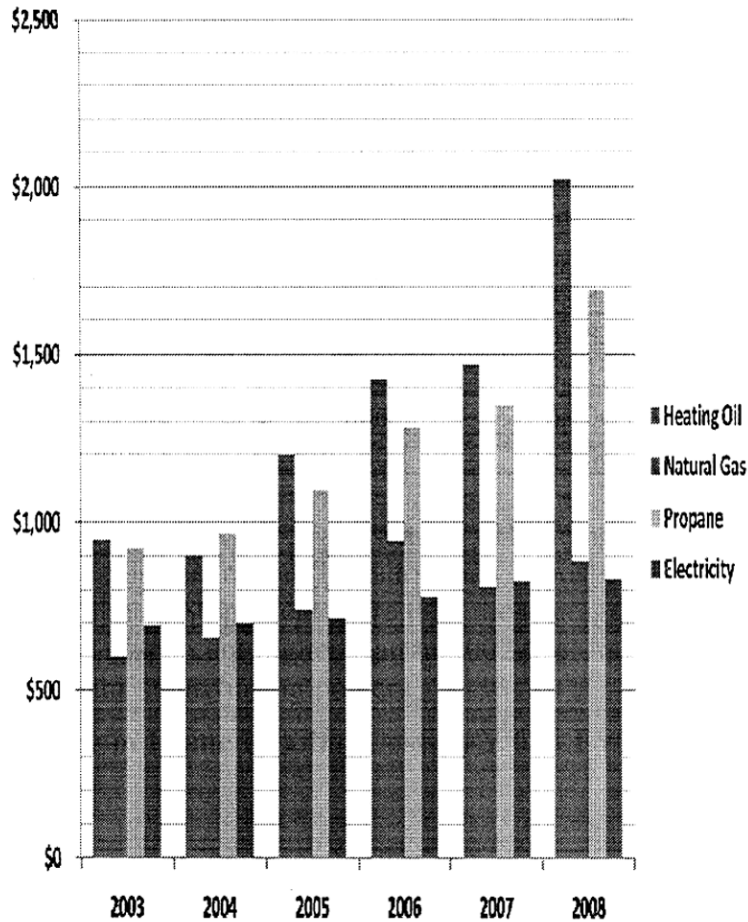
Fiscal Year	Appropriation (in thousands)	# of Households (in thousands)	Average Grant
2003 .....	\$1,988,300	4,610	\$349
2004 .....	\$1,888,790	4,828	\$317
2005 .....	\$2,186,000	5,083	\$348
2006 .....	\$3,162,000	5,717	\$448
2007 .....	\$2,186,000	5,800	\$305

Est. Change in Households Served & Average Grant (FY 03–FY 08)—Continued

Fiscal Year	Appropriation (in thousands)	# of Households (in thousands)	Average Grant
2008 .....	\$2,570,000	5,800	\$359

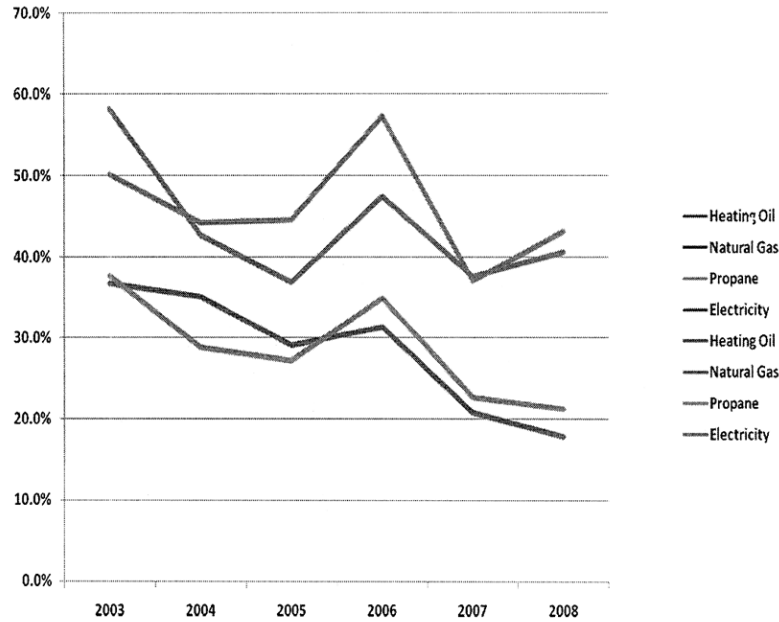
Unfortunately, energy prices are soaring. Home heating prices are projected by the U.S. Energy Information Administration (EIA) to reach almost \$1,000 this year for the typical family, an increase of almost 80 percent more than the average cost of home heating during the winter of 2001–2002 and 47 percent higher than in 2002–2003. As a result, there has been a significant decrease in the program’s purchasing power.

**Est. Change in Home Heating Costs (FY 03 - FY 08)**



Between fiscal year 2003 and fiscal year 2008, the average LIHEAP grant as a percentage of total home heating costs declined from 36.7 percent to 17.8 percent for heating oil, 58.2 percent to 40.6 percent for natural gas, 37.7 percent to 21.2 percent for propane and 50.1 percent to 43.1 percent for electricity. The increase provided for fiscal year 2008 has helped to offset the decline, however, the share of expenditures covered continues to be inadequate to meet the need.

**Est. Average % of Home Heating Purchased with LIHEAP (FY03-08)**



**Est. Average % of Home Heating Purchased with LIHEAP (FY 03- FY 08)**

Fiscal Year	Heating Oil	Natural Gas	Propane	Electricity
2003	36.7%	58.2%	37.7%	50.1%
2004	35.1%	42.6%	28.8%	44.2%
2005	29.1%	36.9%	27.2%	44.5%
2006	31.3%	47.4%	35.0%	57.3%
2007	20.8%	37.6%	22.6%	37.1%
2008	17.8%	40.6%	21.2%	43.1%

The increase in the price of heating oil is of special concern to the Northeast States because 75 percent of heating oil is used in this region. Global market conditions are driving the cost of home heating oil to record levels, far exceeding the price of other fuels.

The U.S. Energy Information Administration has projected that the price of home heating oil will increase from the 2006–2007 heating season by \$551 (37.6 percent) to \$2,019. These prices assume that the typical family will only need about 610 gallons of fuel. In fact in some of the colder parts of the Northeast the total is expected to be closer to 1,000 gallons for a cost of about \$3,200.

A tank of heating oil now costs about \$900, more than half of total monthly Social Security payment for the average aged couple and almost the entire monthly income for an aged widower living alone. The 2008 average increase in Social Security is only about \$24 a month, less than the amount needed to pay for the increase in home heating oil this year.

Low-income families using heating oil this winter are facing a difficult situation. This is especially true for those on fixed incomes including the elderly and disabled. I do not expect the situation to change anytime soon.

This situation for natural gas is quite different. Prices are set domestically and have been increasing at a much slower rate. For example, the average cost of home



heating with natural gas is projected at \$884 for the current winter heating season, about \$71 more than last year and \$1,135 less than the cost of home heating oil.

#### OUTLOOK FOR FISCAL YEAR 2008

The increase in contingency funding provided by the Omnibus Appropriations Act will help States to adjust benefit levels to pay for higher heating and cooling costs. Yesterday's release of funds will provide needed help to offset the impact of higher energy costs this winter.

The States are concerned that the increase will not be sufficient to meet the growing need for energy assistance and offset the impact of higher energy prices. We are currently conducting a survey of the States and the reports are grim. The States are serving about 15.6 percent of eligible households. State directors believe that the percent served needs to be increased to at least 25 percent of the eligible households to help offset the growing affordability gap as prices increase faster than the rate of income.

#### ARREARAGES AND SHUT-OFFS

One indicator of the rising need for energy assistance is the increase in arrearages and shut-offs. The National Regulatory Research Institute, for example, in a recent report found that past-due gas utility accounts rose from 16.5 percent in 2001 to 21 percent in 2006. Last spring, in a survey conducted by NEADA, States reported that 1.2 million households were cut off from natural gas and electric service due to nonpayment of their energy bills. Several States reported significant increases in arrearage and shut-off rates from previous years. In addition, we are also learning that traditional arrearage management programs that provide matching payment programs to help families reduce their outstanding debt are becoming less and less effective. States are reporting that families increasingly do not have the resources to meet matching payment requirements and as a result are at greater risk of shut-off.

The following provides a brief summary from several of the initial group of States that have responded to the survey:

- Arizona: the State continues to struggle in meeting the increasing demand for LIHEAP services due to various factors working together as the "perfect storm" to deplete all available resources. Providers report that requests for energy assistance services continue to increase and include inquiries from non-traditional populations who are in financial distress due to the sub-prime lending problem. One of the largest utility companies in the State has reported a 42 percent increase in calls to its customer service department from September 2006 to September 2007, most calls from customers who cannot pay their home energy bills. One LIHEAP provider (the Community Action Human Resources Agency in Pinal County) reported a total of 1,000 families turned away due to lack of funds between August and September of 2007. In fiscal year 2007, Arizona served approximately 33,000 households with LIHEAP benefits. However due to the sharp decrease in funding, together with an increase in energy costs, Arizona estimates that at least 10,000 fewer families will be served in 2008.

- Arkansas: the State expects to reduce the number of households served by up to 20 percent as compared to the number served in fiscal year 2007.

- California: the State expects to serve fewer households and will have to reduce the amount of funding available for weather-related (and fire-related) emergencies and disasters than they have used in the past. No change has been implemented in the eligibility criteria or benefit structure. The maximum benefit is still \$200 and with higher prices that won't cover much. The maximum for emergency assistance will remain at \$1,000 and that may not be enough to prevent cutoffs of utility service as energy costs increase. They are only able to serve 8 percent of the eligible population and there has been an increase in the number of applications at the local level—with some local agencies exhausting their allocations sooner. The available funding will be prioritized to those with the lowest income and highest energy burden.

- Connecticut: the State set their income eligibility level at 60 percent of State median income as a result of State statute. Benefits were also set in statute. There is concern that the high cost of fuel will result in households exhausting their benefits early in the heating season and there will not be sufficient funding available to provide adequate benefit levels throughout the winter heating season.

- Delaware: the State will serve up to 20 percent fewer households than in fiscal year 2007 in order to maintain adequate benefit levels. Delaware's average benefit is \$355 which currently buys at least 100 gallons of heating oil, propane or kerosene. While the \$355 benefit is not a problem for those homes heating primarily

with gas or electricity, approximately 50 percent of Delaware's LIHEAP households heat with delivered fuel. In many situations vendors will not deliver less than 100 gallons of fuel to a home without adding a surcharge. For this reason, the State did not want to lower their benefit levels from last year.

In some rural areas the minimum delivery is 150 gallons. If the State were to lower the average benefit, LIHEAP or the customer would be paying a premium just to have the fuel delivered. The State believes that this approach would be unacceptable and therefore they have opted not to reduce the benefit level this year. In many instances the LIHEAP benefit is only about 20 percent of the households total winter heating bill; if the winter is especially cold, the LIHEAP percentage will be even lower.

- Kentucky: the State is expecting to maintain benefit and eligibility levels; in light of the reduction in Federal funding, they are expecting to have to reduce the number of households served. With last year's funding, Kentucky was able to serve 100,566 households with basic grant funds and 123,728 with crisis assistance. Kentucky's program generally operates until the end of March and into April as funding allows, but could run out of funds as early as next February. Kentucky has made no change to its eligibility criteria or benefit structure, but will reduce the number served as necessary based on final funding.

- Maine: for the more than 84 percent of the LIHEAP households that heat with oil or kerosene, the cost of oil as of 11/6/07 averaged \$3.09 per gallon and kerosene at \$3.40 per gallon. An average benefit of \$579 to service 48,000 households will only purchase 193 gallons of oil and kerosene at \$3.40 will only purchase 170 gallons. This will provide 2 to 3 weeks of home heating in most low-income housing. The average household's income is \$13,000 annually, many senior citizens with only \$7,000 a year to survive on. Right now Maine would need to receive another \$17.5 million just to provide a \$370 supplemental benefit to LIHEAP households and this will still not provide the same relief as in past program years.

- Maryland: the State increased their grant amounts this year but reduced eligibility from 200 percent of the Federal poverty level to 175 percent. Governor O'Malley has stated that Maryland will serve all who apply and are qualified and has stated that "we will find the money" to serve them.

- Michigan: the State reduced the maximum amount it will pay to prevent shut-off or to restore payments from \$550 per household to \$350 per household for natural gas and electricity and from \$850 to \$650 for households using deliverable fuels in June 2007 due to lack of sufficient funds to meet the demand during the last fiscal year that ended 9/30/07. Michigan will continue that reduction into fiscal year 2008 and is closely monitoring weekly expenditures with these reduced maximums in place to determine if additional reductions will be needed to stay within available funds. If the high rate of expenditures the State experienced in October continues, an additional reduction in these maximums will be needed without additional funds.

- Minnesota: the State is maintaining current eligibility and benefit levels but could run out of funds as early as February.

- Nebraska: deliverable fuels make up around 12 percent of the heating fuels used; the rest is provided by natural gas and electricity. Nebraska is not planning on reducing benefits but is looking at how much they can pay in crisis funds for a household this early in the heating year. Nebraska runs a year around crisis program along with a cooling program and will continue to make heating/cooling payments and crisis payments as long as they have the funding to do so.

- New Mexico: several of the large companies in New Mexico have had rate increases approved for natural gas and electricity. Two rate cases are pending. The propane prices are the biggest concern since some have gone up more than 50 percent over summer prices. One company is currently reporting \$3.19 a gallon for propane. Most companies are between \$2.20 and \$2.65 per gallon for propane.

- New York: the State has increased the program's maximum regular grant by \$100 to \$540 in order to maintain the program's purchasing power. The program has only been open for 2 weeks and they are finding many situations where a regular and an emergency grant must be issued simultaneously for deliverable fuel customers to be able to meet minimum delivery requirements. This means that a household's entire LIHEAP benefit amount will be exhausted in November. If additional funding is not provided, the State will have to reduce the number of households receiving benefits.

- Ohio: will have to cut back its regular benefit by between 15 and 20 percent. The cost of all utilities are up across the board, mostly for propane and heating oil. In addition, Ohio has already received about 10 percent more applications this year than last year at this time.

- Pennsylvania: the State is planning on maintaining current eligibility and benefit requirements but anticipated serving fewer households if Federal funding is not increased.
- Rhode Island: the State expects to serve 15 percent fewer families this year compared to last year. Rhode Island has reduced its average primary grant benefit from \$475 to \$350. Even with reducing the average benefit, Rhode Island will assist approximately 15 percent fewer families as compared to last winter.
- Texas: the State operates a year-round energy assistance program. Their eligibility criteria is set at 125 percent of the Federal poverty level. They are expecting to serve only 6 percent of the eligible population, down from 7 percent in fiscal year 2008.
- Virginia: the State will serve all eligible households who apply during the application period. In order to do so, they are expecting to reduce the percent of heating costs covered by the program grant. The State is concerned that as a result of the expected reduction in purchasing power, it could prove to be very difficult for households that use deliverable fuel, since most vendors have minimum delivery requirements that will likely well exceed their benefit amounts.

#### SUPPLEMENTAL FUNDING

Many States, in partnership with their local utilities, also provide supplemental funding through direct appropriations or by creating system benefit funds, which are small charges against the utility rate base that are used to provide discounts and arrearage protection programs. In addition, utilities have also taken steps to provide low-income families with additional time to pay their bills by providing flexible payment arrangements and in many cases actively supporting State efforts to develop system benefit funds.

The combined total of State, utility and charitable giving was about \$3.2 billion in 2006 with charitable giving being the smallest amount at about \$140 million annually. It is important to note, however, that these State, utility and charitable funds are no substitute for adequate Federal funding. The level of support varies considerably with only 12 States accounting for 83 percent of the total non-Federal spending on energy assistance.

#### WHAT HAPPENS WHEN FAMILIES DO HAVE SUFFICIENT FUNDS TO PAY FOR HOME HEATING OR COOLING? RESEARCH FINDINGS

Funding provided by the Appropriations Committee has allowed us to conduct surveys of families receiving LIHEAP assistance. Among the findings of our last survey:

- Of the families surveyed, 44 percent said that they skipped paying or paid less than their entire home energy bill in the past year. Households with children (67 percent) and those with income below 50 percent of the Federal poverty level (62 percent) were more likely to do so.
- In addition, 30 percent reported that they received a notice or threat to disconnect their electricity or home heating fuel. Again, households with children (51 percent) and those with income below 50 percent of the Federal poverty level (51 percent) were more likely to experience this problem.
- Also 8 percent reported that their electricity or gas service was shut off in the past year due to nonpayment of utility bills. In addition, 16 percent of households with children and 22 percent with income below 50 percent of the poverty level reported a service termination in the past year.
- As well as 18 percent said that they were unable to use their main source of heat in the past year for reasons ranging from their heating system was broken and they were unable to pay for its repair, they ran out of their bulk fuel and could not afford to pay for more, or because their utility used for heat was disconnected. Households with children (27 percent) and households with income below 50 percent of the poverty level (36 percent) were more likely to face this problem.
- And 13 percent reported that broken air conditioners or termination of electric service prevented them from using their air conditioner. Households with a disabled member (19 percent), households with children (19 percent) were somewhat more likely to report this problem.

#### PUBLIC HEALTH CONSEQUENCES OF UNAFFORDABLE ENERGY

Unaffordable home energy presents a threat to public health and safety directly in the following ways:

- Households respond to high bills, arrearages, or worries about incurring high costs, by choosing not to heat their homes adequately in winter or cool them during

the summer, or by using unsafe means to heat or illuminate their homes, for example, heating with a kitchen oven or barbecue grill or lighting by means of candles. Utility service shutoffs directly threaten health in this manner. In addition, when homes in poor structural shape need weatherization, it may be prohibitively costly or impossible to keep interiors within a safe temperature range.

- Lack of access to energy assistance also threatens health indirectly. The squeeze put on home budgets by high utility bills and the threat of shutoff leads households to make difficult trade-offs, purchasing heat or electricity for air-conditioning instead of food or medications. In northern States, for example, poor families with children spend less on food, and children eat fewer calories, compared with higher-income families (Bhattacharya et al., 1993). Poor seniors in the north are also more likely to go hungry in late winter and early spring, while seniors in the south, where energy bills for air-conditioning can be high, are more likely to go hungry in late summer (Nord and Kantor, 2006).

- Seasonal differences in heating and cooling costs explain much of the difference in hunger prevalence for low-income households without school-aged children. Young children from families that are eligible for but not enrolled in energy assistance are more likely, than children from families receiving LIHEAP, to be small for their age (underweight) and more likely to need hospital admission on the day of a health care visit (Frank et al., 2006).

- Researchers from the Children's Sentinel Nutrition Assessment Program (C-SNAP) at the Boston Medical Center, conclude that:

"The health consequences of trade-offs in spending can be serious especially for the youngest children. The first 3 years of life are a uniquely sensitive period of extraordinary brain and body growth; the cognitive and physical development that takes place at this stage will never occur to the same degree again. Babies and toddlers who live in energy insecure households are more likely to be in poor health; have a history of hospitalization; be at risk of developmental problems and be food insecure."

#### CONCLUSION

There is no substitute for adequate Federal funding of LIHEAP. The authorized level of \$5.1 billion would provide sufficient funds to increase grant levels to adjust for inflation in energy prices and allow States to reach out to eligible households who are not currently receiving assistance.

Thank you for this opportunity to testify today. I would welcome any questions or requests for additional information on this important program.

The CHAIRMAN. Well, I think that's very important to know and useful to understand. I think that's what's happening here in the State, I think they deserve credit for being involved, and that's certainly good but, obviously, we need to do a great deal more.

Margaret, I saw earlier you had that yellow envelope in front of you.

Ms. GILLIAM. Yes, I do.

The CHAIRMAN. Yes, you do.

[Laughter.]

You told me a little earlier that you were carrying your bills around in that, is that what you are doing, your heating bills?

Ms. GILLIAM. Yes, I am.

The CHAIRMAN. I don't know if you wanted—you look like you've got it all marked down.

Ms. GILLIAM. During the summer months, I try to always prepare for the winter, something I've been doing now for the past 4 years and—

Let me put my bifocals on so I can see.

[Laughter.]

My heating season consists, I would say, about 5 months a year. So, you know, saying this is what it cost me last year is not so. This is only for 5 months. Five months last year, up until April, the total amount I spent on fuel was \$4,384.80. This year so far, up until yesterday, my heating bill is close to \$4,000, and the last

delivery I did get was through the Mass Energy Association, and I didn't have to pay for that one. That was actually a good donation. This is only January. So you can see where my concern is on it.

I even called up Mr. Coard and asked dispirited enough to—  
The CHAIRMAN. I think you're going to get a call, Robert.

[Laughter.]

Ms. GILLIAM [continuing]. And he'll say, "Well, okay, I'll see what I can do." But I can't sit by the phone waiting to hear from him. I have to kind of sit there and get a little bit nervous, get a little anxious. All that you see that's on TV is not so. We weren't told up until the last moment that we weren't getting this government oil this winter. They were willing to give us, if we qualified and sent our applications in on time, first come, first served, we would get 100 gallons of oil. That's what happened. I called earlier in the season to make sure that I was able to get it, because as time goes by, the phone lines, you can't get through. So I did get only 100 gallons of oil.

I don't know where the statistics come from that we see in the newspapers or on TV. That's not so.

I can spend at least, up until yesterday, with my figures, at least \$700 a month for fuel only. And that's quite a bit. My Social Security cost-of-living increase this year was only \$20. But my insurance premium went up. My co-pay for my medication went up. And other little things went up \$2 or \$3 here, and I ended up being able to have \$1.24 left from that \$20 increase that I had gotten at the beginning of the year.

So it hurts. It really hurts. I'm not ready to give up my apartment yet, because I have two children that are counting on me. They are lovely children. They are two young teenagers, and they need me, and I need to be there for them. But I do need to reach out to the community to give me the help I've needed. Like I say, I'm not the only one out there. If I call—I don't even get upset when they tell me that they cannot—and just stay in and keep my eyes glued to the newspaper or TV to kind of get a feel of where can I go, and that's been kind of hard. But as Mr. Coard has stated, all that he has stated, it is facts, not fiction.

The CHAIRMAN. Diane, is there anything you want to add to—

Ms. STROLLO. No, I think that was all I had to say today.

The CHAIRMAN. I am very grateful to all of our panel, but to you two in particular. It's never easy to be able to talk about the kind of personal challenges that you are facing. I mean, it's not easy. I think, the best way we can ever express our appreciation is to do something about it. And that, you certainly have my commitment and pledge that we will.

I want to thank all of you. It has been very useful and helpful. We touched on related subjects: are the people going to be able to hold on to their mortgages when they're running through these kinds of challenges, whether they're going to be able to get the food because of what's happening in these food banks; cost of their health care—an issue that's very close to my heart about what we're trying to do and how failure to deal with this issue undermines efforts that we are facing on that. We haven't talked about even tuition, how we're going to get these teenagers in school along

with the increase of cost of tuition. These are all the central challenges that are just defining challenges about what kind of society we are and whether we really have a sense of community and whether we have a sense of fairness and decency.

It is, I find, unconscionable about the profiteering that's going on at this time. I mean, it is unconscionable when you have these extraordinary—the core prices that are being set by a monopoly internationally and the OPEC and American companies are profiting in the most incredible way, and finding out that our fellow citizens who have been part of our community are faced with these kinds of challenges in terms of their own lives and in terms of their children's lives. Again, it's difficult, but I think any family that hears the story can certainly understand the cost in terms of anxiety for these family members as they're looking—thinking about this week, next week, the following week, every week, every day. This is something that's going on, and we, as a country and as a society, know how to deal with it, and we can deal with it, and the question is whether we will deal with it.

Well, you have certainly my strong, strong commitment to be in the battle for it, and I am hopeful about the outcome, hopefully, the sooner, the better.

I had a number of my colleagues that had good statements—all who are strong supporters of our program, Senator Dodd of Connecticut, Bernie Sanders of Vermont who has been very, very involved and engaged in this and talked to me before being here, he is actually hearing some other committee business, otherwise, I think he would be here today; Senator Collins, Representative Markey, all of those, and my colleague, Senator Kerry, as well.

So we have a very good group that are strongly committed, and we will make the battle, and we don't intend to lose.

So we thank all of you for being here today.

[Additional material follows.]

## ADDITIONAL MATERIAL

## PREPARED STATEMENT OF SENATOR SANDERS

Chairman Kennedy, thank you for holding this very important hearing. As you know, I had planned to be here with you this morning but due to the change in schedule, I unfortunately could not make it to Boston today. Thank you for including my statement in the record.

Mr. Chairman, the skyrocketing price of home heating oil, propane, kerosene, natural gas and electricity is already stretching the household budgets of millions of families with children, senior citizens on fixed incomes and persons with disabilities beyond the breaking point.

Today, there is one Federal program to help the most vulnerable people in this country stay warm this winter. That program is the Low Income Home Energy Assistance Program otherwise known as LIHEAP, and that program is needed now more than ever.

Unfortunately, the spike in energy costs is completely eviscerating the purchasing power of this extremely important program in Vermont and other cold weather states across the country. If the President and the Congress do not act soon to confront this problem head-on, I fear for the public health and well-being of millions of our most vulnerable citizens.

Community Action Programs throughout the State of Vermont, the agencies on the front lines of this energy crisis, have reported to me and my office about the severity of the heating crisis this winter. Let me just give you a few examples.

As of last week, the Central Vermont Community Action Council (CVCAC) exhausted their entire \$206,000 LIHEAP budget, and is currently negotiating with the State for more money. CVCAC has estimated that they will need an additional \$400,000 in LIHEAP funding to make it through the rest of the winter or more than double what they spent on LIHEAP all of last year. In central Vermont, CVCAC has reported heating oil prices as high as \$3.73 a gallon and propane prices as high as \$3.99 a gallon. These are astronomical prices. To put this in perspective, just four years ago it cost less than \$1.50 a gallon for heating oil in my state. Today, it now costs about \$500 for CVCAC to arrange a delivery of 125 gallons of emergency heating oil this winter, \$200 higher than last year.

The Champlain Valley Office of Economic Opportunity has reported to my office that if more LIHEAP funds aren't released soon, they will have exhausted all of their LIHEAP funding by the third week of February.

Similar problems are also occurring in the northeastern, southeastern and southwest parts of Vermont. In other words, thousands of senior citizens on fixed incomes, low-income families with children, and persons with disabilities are in danger of going cold in my State of Vermont if we don't significantly increase LIHEAP funding soon. In the richest country on the face of the earth, we must not allow that to happen. We must ensure that no American has to make the unacceptable choice between heating their homes, putting food on the table or paying for other basic necessities.

Mr. Chairman, as you know, on December 4, 2007, I introduced S. 2405, the Keep Americans Warm Act, to provide an extra \$1 billion in emergency LIHEAP funding—money that would be in addition to the \$2.4 billion provided in the Fiscal Year 2008 Labor, Health and Human Services and Education Appropriations bill. I am pleased that the Omnibus Appropriations bill provided an extra \$200 million for LIHEAP, but I strongly believe that LIHEAP still needs an additional \$800 million. That is why I will be introducing an amendment as soon as possible to provide this much needed increase to LIHEAP.

Mr. Chairman, I am deeply appreciative that you are a co-sponsor of this amendment and the Keep Americans Warm Act. I am also delighted that this legislation has strong bipartisan support and has so far been endorsed by the AARP, the American Gas Association, and the National Energy Assistance Directors Association, just to name a few.

Finally, Mr. Chairman, while I welcome the President's release of \$450 million in emergency LIHEAP funding, everyone should know that the President still has \$160 million at his disposal to distribute to states dealing with heating emergencies. Anyone paying attention to this issue can tell you that there is a home heating emergency in Vermont and throughout this country. The President should release all of this funding immediately targeted to those States most in need.

Again, I thank the Chairman for holding this important hearing and allowing me this opportunity to submit this statement for the record.

#### PREPARED STATEMENT OF SENATOR COLLINS

As I travel around the State of Maine, I hear again and again about the high cost of energy causing a crisis situation for many Maine citizens. The cold weather combined with rapidly increasing prices for home heating oil, gasoline, diesel fuel, and other products refined from oil has created a huge burden for families throughout the Northeast. I am pleased that Chairman Kennedy and Ranking Member Enzi are bringing attention to this important issue with today's hearing.

Earlier this month, the price of crude oil on the New York Mercantile Exchange briefly reached \$100/barrel. This caps a rapid rise in prices from \$71/barrel in August 2007, a sharp increase just at the time when heating oil demand rises. This winter, the Energy Information Administration estimates that households can expect to pay between 10 to 22 percent more for heating fuels than during the 2006–2007 winter. In my State of Maine, consumers face home heating oil prices 48 percent higher than this time last year (\$2.26/gallon on January 8, 2007 compared to \$3.35/gallon as of January 9, 2008).

That troubling rise touches virtually every aspect of the economy. Oil prices significantly affect the costs of heating homes, driving family cars and commercial trucks, running fishing boats, operating farm and logging equipment, and manufacturing operations.

All of this has a particular impact on low-income citizens. Throughout my time in the Senate, along with a bipartisan group of Senators, I have fought for increased funds for the Low Income



Heating Assistance Program, LIHEAP, the Federal program that provides States with funding to help low-income people and the elderly meet their energy needs. The LIHEAP program provides assistance for 48,000 Mainers each year and nearly 6 million households nationwide.

In September 2007, we secured \$131 million in contingency LIHEAP funds. We also supported a nearly \$400 million increase over last year for LIHEAP funding in the consolidated appropriations bill, signed by the President this month. However, this winter has brought a sharp increase in applications for LIHEAP assistance, but hundreds of those requests are being turned down due to a shortage of funds. For that reason, we requested that the President immediately release the \$586 million that Congress put in the LIHEAP contingency fund. Maine needs at least \$20 million of those additional contingency funds to keep abreast of the increased requests. Yesterday the President released \$450 million of the LIHEAP contingency funds, with about \$9 million going to Maine. While it is encouraging news that the Administration agreed to our request to release these funds, the need for additional assistance remains critical. This winter has brought a sharp increase in applications for LIHEAP assistance, but hundreds of those requests are being turned down due a shortage of funds. I will continue to seek the release of the remaining contingency funds. Citizens in the Northeast should not be forced to choose between medicine and food or heat, yet I continue to hear from people faced with exactly such dire choices.

We also are working to obtain additional emergency LIHEAP funding for this winter. We are pursuing every possible option—for example we tried to include this funding in the Farm Bill the Senate debated in December. Unfortunately, we did not succeed, but this will remain a priority when the Senate reconvenes.

Many causes appear to have contributed to the sharp rise in oil prices: increased global demand for crude oil, instability in the Middle East and Venezuela, supply decisions of the OPEC cartel, insufficient U.S. refining capacity, the declining value of the dollar, the timing of government purchases for the Strategic Petroleum Reserve, and speculative trading on futures markets. To minimize one of these causes, I, along with Senators Lieberman, Levin, and Coleman, recently urged the Department of Energy to temporarily suspend filling the Strategic Petroleum Reserve (SPR). It makes no sense whatsoever for the Department of Energy to purchase more oil for the SPR at a time when prices are at record highs. The Department should not be taking oil off the market and adding to pressures on supplies when consumers are struggling to heat their homes and fill their gas tanks.

Our long-term challenge to address energy prices is, of course, to reduce our reliance on imported oil. We need to pursue the goal of energy independence just as fervently as the Nation embraced President Kennedy's goal in 1961 of putting a man on the moon. Energy independence and stable energy costs, and environmental stewardship, are goals that are within our reach, but they require a major national effort. The time to begin that effort is now.

[Whereupon, at 12:32 p.m., the hearing was adjourned.]

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